

Message Text

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INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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R 172316Z JUL 75
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA
INFO AMCONSUL HALIFAX

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E.O.: 11652 N/A
TAGS: ETRD, CA
SUBJECT: PRESS REPORTS CONCERNING BRICKLIN'S STATUS UNDER
-- AUTOMOTIVE AGREEMENT

1. RECENT ARTICLES IN TORONTO GLOBE AND MAIL (JUNE 23) AND
IN AUTOMOTIVE NEWS (JULY 7) REPORT THAT MALCOLM BRICKLIN
TOLD NEW BRUNSWICK INSTITUTE OF CHARTERED ACCOUNTANTS THAT
HIS BRICKLIN SPORTS CAR WILL NOT BE SOLD IN CANADA UNTIL
GOC GRANTS HIS COMPANY PERMANENT STATUS UNDER AUTO AGREEMENT.

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2. BRICKLIN REPORTEDLY SAID HIS COMPANY HAS "TEMPORARY

STATUS" UNDER THE AGREEMENT, AND THAT UNDER THAT STATUS, AS LONG AS HIS CARS ARE SOLD IN U.S., PARTS IMPORTED FROM U.S. FOR ASSEMBLY IN NEW BRUNSWICK ENTER DUTY-FREE. IF THE CARS ARE SOLD IN CANADA, HOWEVER, BRICKLIN CLAIMS DUTY WOULD HAVE TO BE PAID ON PARTS ENTERING FROM U.S.

3. EMBASSY IS REQUESTED TO APPROACH DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (IT&C) TO DISCUSS SUBSTANCE OF CITED ARTICLES. WE ASSUME THAT "TEMPORARY" STATUS UNDER AUTO AGREEMENT REFERRED TO BY BRICKLIN IS IN FACT MERELY CERTIFICATION TO RECEIVE TARIFF DRAWBACKS OR DUTY EXEMPTION ON IMPORTED INPUTS TO PRODUCTS THAT ARE ULTIMATELY EXPORTED. WE FURTHER ASSUME THAT THIS TYPE OF CERTIFICATION IS TOTALLY UNRELATED TO AUTO AGREEMENT AND IS BEING USED BY BRICKLIN UNTIL SUCH TIME AS GOC NEGOTIATES WITH

BRICKLIN TERMS OF AN ORDER-IN-COUNCIL TO CERTIFY BRICKLIN AS A BONA FIDE MANUFACTURER UNDER AUTO AGREEMENT (AS AUTHORIZED BY PARAGRAPH 3 OF ANNEX A OF THE AGREEMENT).

4. BRICKLIN'S REFERENCE TO HIS "TEMPORARY" STATUS UNDER THE AGREEMENT IS BOUND TO IRRITATE CRITICS OF THE AGREEMENT IN THE U.S. BECAUSE IT EMPHASIZES THE FACT THAT BRICKLIN'S FINISHED VEHICLES ARE ALREADY ENTERING THE U.S. DUTY-FREE UNDER THE AGREEMENT WHILE U.S. PARTS CAN ENTER CANADA DUTY-FREE ONLY IF THE FINISHED VEHICLE IS ULTIMATELY RE-EXPORTED. IF THE LATTER FACT IS ATTRIBUTED TO THE AGREEMENT, WE CAN EXPECT ADVERSE COMMENT HERE.

5. IF BRICKLIN'S CLAIM OF "TEMPORARY" STATUS UNDER THE AUTO AGREEMENT DOES HAVE SOME BASIS IN FACT, WE WOULD APPRECIATE FULL REPORTING ON DETAILS. OBVIOUSLY THE USG WOULD HAVE PROBLEMS WITH ANY CANADIAN CONDITION FOR CERTIFICATION UNDER THE AGREEMENT THAT IMPOSES EXPORT REQUIREMENTS.

6. WASHINGTON AGENCIES ALSO WOULD BE INTERESTED IN ANY INFORMATION THE EMBASSY MIGHT GLEAN FROM IT&C ABOUT THE PROGRESS OF NEGOTIATIONS WITH BRICKLIN AND PROGNOSIS FOR LIMITED OFFICIAL USE

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TERMS OF AN AGREEMENT TO CERTIFY BRICKLIN AS A BONA FIDE MANUFACTURER FOR PURPOSES OF AUTO AGREEMENT. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, PRESS COMMENTS, AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE169112
Document Source: CORE
Document Unique ID: 00
Drafter: IEPR/OTP/IND/MKPRUIETT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750248-0889
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750745/aaaabolx.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 MAY 2003 by lzenbel0>; APPROVED <29 SEP 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS REPORTS CONCERNING BRICKLIN'S STATUS UNDER -- AUTOMOTIVE AGREEMENT
TAGS: ETRD, CA, BRICKLIN
To: OTTAWA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006